

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

BOARD OF DIRECTORS

WEDNESDAY, APRIL 15, 2015 AT 4:00 PM

IN THE MARY BRENNAN BOARD ROOM

T. F. GREEN AIRPORT

2000 POST ROAD, WARWICK, RHODE ISLAND

The meeting of the Rhode Island Airport Corporation (Corporation) Board of Directors was called to order by Chair, Jon Savage at 4:00 p.m., in the Mary Brennan Board Room at 2000 Post Road, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

BOARD MEMBERS PRESENT: Jon Savage; Paul Carroll; Heather Tow-Yick and Christopher Little.

BOARD MEMBER ABSENT: Russell Hahn, Deborah Thomas and Michael Traficante.

ALSO PRESENT: Kelly J. Fredericks, P.E., A.A.E., President and CEO; and those members listed on the attendance sheet attached hereto.

1. Approval of the Minutes:

A motion was made by Mr. Carroll to approve the minutes of the Board of Director's Meeting of March 18, 2015.

The motion was passed by two affirmative votes, with two Board Members abstaining themselves from voting. The vote was as follows:

YEAS: Jon Savage

Paul Carroll

NAYS: None

ABSTAIN: Heather Tow-Yick

Christopher Little

The motion was passed unanimously.

2. Open Forum:

Mr. Savage asked if anyone present wanted to speak in Open Forum. No one came forward.

3. Report from President and CEO:

Mr. Fredericks presented the President and CEO Report and reported on the following:

- **Mr. Fredericks reported that following the convening of the May Board Meeting, a tour of the FIS Facility and the RIAC Police Department will be provided to the Board of Directors.**

- **Mr. Fredericks reported passenger travel was down 2.97% for the month of March and seating capacity was down approximately 5.28%.**

Year to date, passenger travel is down 2.34%. JetBlue was up 11.56% with no change in seating capacity. This represents the eighth consecutive month of positive growth for JetBlue. US Airways was down 11.56% on 15% less seating capacity; Delta was up 1.5% on 5% less seating capacity. This is the second straight month of increased passenger growth for Delta. United was down 13.19% on 14% less seating capacity. Southwest was down .19% on 2% decreased capacity. Mr. Fredericks stated year to date, overall load factors in 2015 are 90.1% compared to 87.91% in 2014. Mr. Fredericks stated that based on current trends and recent visits to airline headquarters, he remains encouraged that passenger growth is moving in a positive direction.

- **Mr. Fredericks reported the market share for each airline is as follows: Southwest Airlines 50.9%, US Airways 22.5%, Delta Airlines 11.1%, JetBlue 8.5%, and United 6.7% including charters at .65%.**

- **Mr. Fredericks reported air cargo was down 7.32% for the month of March. This decrease was driven by a 14.18% decrease in inbound**

cargo. Outbound cargo continued to grow being up 2.87% for the month. Mr. Fredericks reported a meeting to discuss cargo growth has been scheduled with UPS in April and meeting with FedEx is being scheduled. Mr. Fredericks reported additional due diligence is being done on the cargo analysis report and an update will be provided at the May Board Meeting.

- Mr. Fredericks reported parking revenue for the prior month was up 1.6% with ticket sales down 3.1%. Mr. Fredericks reported off airport parking was down 0.1% and ticket sales were down 9.1%. Mr. Fredericks stated RIAC's market share for all lots based on revenue is 83.1% and ticket sales are 87%. Mr. Fredericks stated RIAC will continue to monitor and manage its parking revenue and rework strategies.**

- Mr. Frederick reported RIAC continues to communicate and work with Shannon Airport to discuss cargo and passenger strategies as well as implementation of a Duty Free Shop that Shannon Airport is providing consultation.**

- Mr. Fredericks provided an update on the general aviation airports. Total passengers were up 13% and operations were up 1%. Avgas fuel sales were down approximately 12%, jet fuel sales were up approximately 1% and total fuel sales were up 2%. Mr. Fredericks reported Block Island and Westerly Airports are on trend to reach 10,000 passengers and receive an additional \$850,000 grant**

each from the FAA for use on capital projects. Mr. Fredericks reported developmental projects at the general aviation airports, following the posting of the Airport Property and Leasing Opportunities on the T. F. Green website, are in the preliminary stages.

- Mr. Fredericks reported the third meeting of the General Aviation Working Group is scheduled for tomorrow evening, April 16th. Mr. Fredericks stated the goal for these meetings remains to improve communication and establish a common agenda for growth at the general aviation airports.

- Mr. Fredericks reported an Open House at the new Newport State Airport terminal building to showcase the approximate \$1.4 million investment made to the facility has been scheduled for May 6th. Mr. Fredericks stated he is pleased to report that Senate President Paiva Weed will be in attendance and will provide comments.

- Mr. Fredericks reported a number of tours and high level meetings have been conducted including: (1) Governor Raimondo's Deputy Chief of Staff Kevin Gallagher on March 23rd as part of a regularly scheduled monthly airport meeting; (2) Department of Transportation Director Alviti and Deputy Director Guarino on March 24th and provided an aerial tour of the airport projects; (3) on April 10th, provided an airport update, tour of the Interlink Facility and an

overview of the City Centre Warwick Project for staff members of the Transportation, Housing and Urban Development Appropriations Committee at the request of Senator Jack Reed. Mayor Avedisian and FAA ATCT Chief Barry Morgan also joined this meeting. Mr. Fredericks reported he continues to meet with Mayor Avedisian and members of the Warwick City Council on a regular basis to provide airport updates. An airport overview and aerial tour will be provided to Commerce Secretary Stefan Pryor and the Governor's Chief of Staff Steve Neuman on April 23rd. An aerial tour of the Expansion Project with Mayor Avedisian and John Howell of the Warwick Beacon has been scheduled for April 24th and a briefing and tour has been scheduled for May 6th with Darin Early, COO of the Commerce Corporation.

- Mr. Fredericks reported the Quonset Air Show has been scheduled for May 30th and 31st 2015.**
- Mr. Fredericks reported RIAC continues to track legislation for federal reauthorization to adjust the Passenger Facility Charge (PFC) due to inflation. Mr. Fredericks stated updates will be provided to the Board as they become available.**
- Mr. Fredericks provided a customer service update and commended Chief Leo Messier and Inspector Joseph Ottaviano on improved customer service provided by the RIAC Police Department. Mr. Fredericks reported a secret shopper program will be implemented at**

T. F. Green Airport to monitor customer service levels to ensure continuous improvement of customer service.

- **Mr. Fredericks reported volunteers of the PVD Pups dog therapy program will begin training on-site beginning May 2nd and continuing for six weeks. Upon completion, handlers will wear clothing clearly marking them as part of the PVD Pup program and will be educated to be ambassadors for the airport. The dogs will be on leash at all times and wearing vests marking them as therapy dogs. Mr. Fredericks stated this program is a customer service value added program to help ease anxiety for travelers.**

- **Mr. Fredericks reported a Rating Agency update meeting has been scheduled for the end of May.**

4. Department Updates:

(a) Engineering

(i) Airport Expansion

Mr. McDonough provided the following updates:

- **The Runway 34 Safety Area and Environmental Improvements Project consists of improvements to the Runway Safety Area including installation of an EMAS bed for Runway 34, partial rehabilitation of the runway and taxiway pavements, Lakeshore Drive**

culvert replacement, wetland mitigation and stream relocation. Removal of peat is required prior to installation of the EMAS bed on Runway 34. Removal is 40% complete. This project is scheduled to be completed by year end as mandated by the FAA and Congress.

- The Glycol Treatment Project consists of a treatment facility and airfield collection system. Construction is substantially complete and remaining work consists of final system start up and testing. An Opening Event and tours will be planned upon final completion.

- Runway 5 On-Airport Obstruction Removal is substantially complete. An upload of an aerial survey data will be sent to the FAA for review and determination of outstanding obstructions which will then be addressed via removal. This project is on time and on budget.

(b) Planning

(i) Airport Systems Plan Update and Land Acquisition and Noise Program

Mr. Porter provided the following updates:

- There was a detailed update of the Noise Insulation Program and the Voluntary Land Acquisition Program provided.

- An update on the Airport System Plan is scheduled to be completed

in the Fall. This plan provides information on how Rhode Island's airport system operates within the state and regionally as compared to national trends. Information from this plan will be included in the next Master Plan updates for all airports.

- Task 1 of the Airport System Plan Update, airport inventory, is scheduled to be delivered this week. The next task will be the Forecast of Aviation Demand, this task consists of benchmarks and national trends as well as a snapshot of activity levels. A new forecast for T. F. Green is not anticipated until 2018. As subsequent tasks continue, the Board will be updated accordingly.**

- There was discussion on the land use capability guide. A petition to have land rezoned to multi-family residential at North Central Airport for construction of a condominium unit was discussed and it was noted a letter was sent to the Council regarding its proximity to the airport and possible impacts from noise. A meeting was held with the developer to discuss this concern and the developer has agreed to install sound insulation products and disclose proximity of the airport and potential noise impacts to buyers. This petition was approved by the Council and will go to the Planning Board. This item will continue to be monitored and updates will be provided to the Board as they become available.**

- An update was provided on the use of solar panels for revenue generation. It was noted that information has been gathered from**

other airports and agencies and the next step will be to post a Request for Proposals to conduct a Feasibility Study.

(c) Maintenance and Operations

(i) PVD Airfield and GA Facilities and Operations

Mr. Andrade provided the following updates:

- An overview of the winter operations was provided and it was noted that there were 31 events this season with not more than three days between each event in February. One of the ways operations in arduous conditions are evaluated is by tracking diversions. Seven diversions were received and only three diversions were lost this season. The lost diversions were due to instrument outages and not due to field conditions.**
- Preparations have begun for the annual Airport Certification as required by the FAA. This certification is done on an annual basis to evaluate compliance on maintaining FAA standards in 22 categories. Certification is scheduled for May 2015.**
- There was discussion regarding drone devices and potential hazards when they enter national air space. It was noted that they are aircraft by definition and cannot be operated in populated areas.**
- An update was provided on the activities during this time of the year**

that can be found at the general aviation airports. These activities include flying schools, helicopter tours, skydiving and service to Block Island.

- It was noted that many activities are organized and are participated in by the aviation community annually. The Quonset Airshow is a very successful annual event hosted at Quonset Airport. The MS Jet Pull is organized by the MS Society and Fedex and hosted at T. F. Green Airport. Over \$75,000 is raised by this event and consists of teams from the aviation community, airlines and airport employees and families. This year will be the second year Southwest Airlines will hold a 5K race to benefit the Wounded Warrior Program. A portion of this race is on the T. F. Green Airport airfield.

5. Action Items:

(a) Consideration of and Action Upon Approval of a Consultant Task Order Amendment to Provide Additional Construction Administration Services Associated with Runway 34 at T. F. Green Airport.

Mr. Fredericks provided an overview of this item and noted pursuant to the contract there will be no costs incurred by RIAC for the additional construction days. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute a Task Order Amendment with AECOM Technical Services, Inc. in the

amount of \$150,578, which is included in the Fiscal Year 2015 CIP budget, to provide Additional Construction Administration Services associated with Runway 34.

A motion was made by Mr. Carroll and seconded by Ms. Tow-Yick to approve the following resolution:

WHEREAS, this Task Order Amendment in the amount of \$150,578 will compensate AECOM Technical Services, Inc. (AECOM) for an additional eighty-six (86) days of Construction Administration; and

WHEREAS, the additional days were requested by the Construction Contractor, Cardi Corporation (Cardi), to maintain the project schedule; and

WHEREAS, Cardi has agreed under a Construction Contract Change Order (CO) with the Rhode Island Airport Corporation (RIAC) to offset the entire amount of this Task Order Amendment (\$150,578) resulting in a \$0 net change for the project cost; and

WHEREAS, this project is included in the approved RIAC Fiscal Year 2015 Capital Improvement Program.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute a Task Order Amendment with AECOM Technical Services, Inc. in the amount of \$150,578, which is included in the Fiscal Year 2015 CIP budget, to provide Additional Construction Administration Services associated with Runway 34.

The motion was passed unanimously.

(b) Consideration of and Action Upon Option to Lease Agreement and Sublease of Revenue Producing Parcels at Quonset Airport.

Mr. Fredericks gave an overview of this item. Mr. Schattle noted this parcel is non-aviation use and the site of the former steam plant that was demolished. Mr. Schattle stated this is a great revenue producing use of this parcel. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute an Option to Lease Agreement and a Sublease with the Rhode Island Commerce Corporation acting by and through its agent and attorney in fact, Quonset Development Corporation, and J. Goodison Company, Inc. substantially on the terms presented herein and in the attached Quonset Development Corporation Request for Board Authorization.

A motion was made by Mr. Carroll and seconded by Mr. Little to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) has the responsibility of developing revenue to support its general aviation airport system from certain real estate parcels at the Quonset State Airport (Revenue Producing Parcels) leased to RIAC by the State of Rhode Island; and

WHEREAS, the Revenue Producing Parcels are managed on behalf of RIAC by the Quonset Development Corporation (QDC); and

WHEREAS, J. Goodison Company, Inc. (Goodison) desires to sublease two parcels at the Quonset Airport to for the intended use as a shipyard with a travel lift for repair of commercial and military vessels; and

WHEREAS, QDC anticipates Goodison will make investments in excess of \$7 million in equipment and leasehold improvements; and

WHEREAS, in order for Goodison to continue with its due diligence, QDC has requested that an Option to Lease Agreement be executed that provides Goodison with the right to lease the property during the option period which will terminate on March 1, 2016; and

WHEREAS, attached hereto is the QDC Request for Board Authorization which contains the material terms of the proposed sublease between QDC and Goodison; and

WHEREAS, the lease term is currently expected to be for an initial period of ten years with four, five year options; and

WHEREAS, Goodison will pay an initial annual rent of \$199,162 net of all utilities, insurance, operating expenses, real estate taxes, and Payment in Lieu of Taxes for the first five years of the term, with rent escalation in year six and at the commencement of each option term; and

WHEREAS, in keeping with Federal Aviation Administration grant assurance requirements, the QDC has affirmed that the proposed rent is within the reasonable range constituting fair market value; and

WHEREAS, the QDC's Board of Directors has reviewed and approved the foregoing said sublease; and

WHEREAS, RIAC staff has reviewed the terms included in the attached QDC Request for Board Authorization and recommends that the agreements be approved by the Board; and

WHEREAS, attached hereto are current drafts of the Option to Lease Agreement and the Sublease.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute an Option to Lease Agreement and a Sublease with the Rhode Island Commerce Corporation acting by and through its agent and attorney in fact, Quonset Development Corporation, and J. Goodison Company, Inc. substantially on the terms presented herein and in the attached Quonset Development Corporation Request for Board Authorization.

The motion was passed unanimously.

Mr. Savage combined the vote for Action Items 5c and 5d.

A motion was made by Mr. Carroll and seconded by Mr. Little to approve the following resolutions:

(c) Consideration of and Action Upon Resolution Honoring Bradford S. Dimeo.

WHEREAS, Bradford S. Dimeo has confirmed the belief that one has the obligation to accept the challenges and responsibilities of public service; and

WHEREAS, in 2011, Governor Lincoln Chafee appointed Bradford S. Dimeo to the Board of Directors of the Rhode Island Airport Corporation (RIAC); and

WHEREAS, Bradford S. Dimeo served as Secretary of the RIAC Board of Directors; and

WHEREAS, during Bradford S. Dimeo's tenure on the RIAC Board he provided informed professional oversight to RIAC so as to help ensure RIAC continued to serve the dynamic needs of the travelling public; and

WHEREAS, Bradford S. Dimeo, drawing upon his broad experience and expertise in construction and business, provided significant insight and guidance to assist RIAC in its vast capital improvement program; and

WHEREAS, Bradford S. Dimeo performed his duties as a RIAC Board member in a manner that inspired professionalism, transparency and efficiency; and

WHEREAS, Bradford S. Dimeo also embraced the best practices of board membership by always being prepared, respectful of diverse of viewpoints, encouraging the Board to speak with a single voice, and being proactive rather than reactive.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board of the Rhode Island Airport Corporation extends it gratitude and appreciation to Bradford S. Dimeo for his service to this

Corporation, his dedication to public service and his commitment to the community and State, and wishes him and his family good health and every success in the future.

(d) Consideration of and Action Upon Resolution Honoring John Justo.

WHEREAS, John Justo has confirmed the belief that one has the obligation to accept the challenges and responsibilities of public service; and

WHEREAS, in 2013, Governor Lincoln Chafee appointed John Justo to the Board of Directors of the Rhode Island Airport Corporation (RIAC); and

WHEREAS, John Justo served as one of three members to the RIAC Finance and Audit Committee; and

WHEREAS, during John Justo's tenure on the RIAC Board he provided informed professional oversight to RIAC so as to help ensure RIAC continued to serve the dynamic needs of the travelling public; and

WHEREAS, John Justo, drawing upon his vast experience and expertise in business, provided significant insight and guidance to assist RIAC in fulfilling its vital mission in a fiscally responsible

manner; and

WHEREAS, John Justo performed his duties as a RIAC Board member in a manner that inspired professionalism, transparency and efficiency; and

WHEREAS, John Justo also embraced the best practices of board membership by always being prepared, respectful of diverse of viewpoints, encouraging the Board to speak with a single voice, and being proactive rather than reactive.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board of the Rhode Island Airport Corporation extends it gratitude and appreciation to John Justo for his service to this Corporation, his dedication to public service and his commitment to the community and State, and wishes him and his family good health and every success in the future.

The motion was passed unanimously.

6. Executive Session:

At approximately 5:03 p.m. a motion was made by Mr. Carroll and seconded by Mr. Little to go into Executive Session for the purpose of discussing the following items:

(a) Motion to Approve the Minutes of the Executive Session held on March 18, 2015 § 42-46-5(a),(2),(3) and (7); and

(b) Investment of Public Funds Where Premature Disclosure Would be Detrimental to the Public Interest (Air Service Development) – R.I.G.L. § 42-46-5(a)(7); and

(c) Discussions Related to One Nonpublic Potential Litigation Matter (GA Airport Issue) and On Public Litigation Matter (Bogosian vs. RIAC) – R.I.G.L. § 42-46-5(a)(2); and

(d) Motion to Return to Open Session.

By the following roll call vote the motion was passed unanimously.

YEAS: Jon Savage

Paul Carroll

Heather Tow-Yick

Christopher Little

NAYS: None

ABSTAIN: None

At approximately 5:36 p.m., a motion was made by Mr. Carroll and seconded by Ms. Tow-Yick to return to Open Session.

The motion passed unanimously.

7. Post Executive Session Actions and Announcements:

(a) Motion to Seal the Minutes of the Executive Session Held on April 15, 2015.

A motion was made by Mr. Carroll to seal the minutes of the Executive Session in accordance with R.I.G.L. § 42-46-4 by the following roll call vote.

The motion was passed as follows:

YEAS: Jon Savage

Paul Carroll

Heather Tow-Yick

Christopher Little

NAYS: None

ABSTAIN: None

(b) Report on Actions Taken in Executive Session.

During the Executive Session, a motion was made by Mr. Carroll to approve the sealed minutes of the Executive Sessions held on March 18, 2015.

The motion was passed by two affirmative votes, with two Board Members abstaining themselves from voting. The vote was as follows:

YEAS: Jon Savage

Paul Carroll

NAYS: None

ABSTAIN: Heather Tow-Yick

Christopher Little

8. Future Meetings:

The next Board Meeting will be held on Wednesday, May 20, 2015 at 4:00 p.m., in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island.

9. Adjournment:

Mr. Carroll moved to adjourn at approximately 5:38 p.m. Mr. Little

seconded the motion.

The motion was passed unanimously.

Respectfully submitted,

Jon Savage, Chair

Rhode Island Airport Corporation

**PUBLIC ATTENDANCE SHEET
RHODE ISLAND AIRPORT CORPORATION
MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, APRIL 15, 2015**

NAME AFFILIATION

Brian Schattle RIAC

Peter Frazier RIAC

Patricia Goldstein RIAC

Alan Andrade RIAC

Liberty Luciano RIAC

Sherri Ann Penta RIAC

Bruce Wilde RIAC

Leo Messier RIAC

Doug Dansereau RIAC

Dan Porter RIAC

Timothy Pimental RIAC

Nicole Williams RIAC

Paul McDonough RIAC

Jeffrey Goulart RIAC

Joseph Ottaviano RIAC

Robert Geoff New England Parking

The minutes of the Executive Session of the Board Meeting of April 15, 2015 have been sealed in accordance with R.I.G.L. § 42-46-4.